

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01 XMB-07

PA-04 PRS-01 USIA-15 DRC-01 /136 W

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R 121825Z MAR 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6569

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

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PASS TREASURY, FRB, CEA, EX-IM BANK

E.O. 11652: N/A

TAGS: EFIN, EEC

SUBJ: EC INITIATIVE ON EXPORT CREDITS

1. SUMMARY. EC COMMISSION AND COUNCIL SOURCES HAVE TOLD US A COUNCIL WORKING GROUP ON INSURANCE AND CREDITS WILL MEET THIS WEEK IN AN EFFORT TO REACH AGREEMENT AMONG THE MEMBER STATES ON LIMITS FOR THE RATE AND DURATION OF EXPORT CREDITS. END SUMMARY.

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2. IF THE NINE ARE ABLE TO AGREE IN THE WORKING GROUP,

THE PROPOSAL WILL BE FORMALLY CONSIDERED BY THE PERM REPS AND THE EC COUNCIL, THOUGH THEIR APPROVAL IS TAKEN FOR GRANTED. ACCORDING TO OUR SOURCES, THE NINE ARE CLOSE TO AGREEMENT DESPITE SOME RELUCTANCE ON THE PART OF ITALY AND FRANCE. THE PROPOSAL IS STRONGLY SUPPORTED BY THE GERMANS.

3. OUR SOURCES ALSO SAY THE COMMISSION IS VERY MUCH IN FAVOR OF THE MOVE TO REACH AGREEMENT AMONG THE NINE-- WHO ARE SAID TO BE ANXIOUS TO RESPOND POSITIVELY TO THE INITIATIVE OF THE EX-IM BANK IN RAISING THE US EXPORT CREDIT RATE TO SEVEN PERCENT. THE MEMBER STATES ALSO REPORTEDLY RECOGNIZE THAT THE DURATION OF EXPORT CREDITS MUST BE CONSIDERED ALONG WITH THEIR INTEREST RATE AND THAT IN THIS CONNECTION A DISTINCTION SHOULD BE DRAWN DEPENDING UPON WHETHER THE CREDITS ARE FOR DEVELOPED, LESS DEVELOPED, OR STATE-TRADING COUNTRIES.

4. OUR SOURCES TELL US THAT IF THE NINE REACH AGREEMENT, THE EC WILL SEEK TO ASSOCIATE THE US-- PROBABLY THROUGH DISCUSSIONS WITH TREASURY ASSISTANT SECRETARY HENNESSY--IN A GENTLEMEN'S AGREEMENT THAT WOULD ALSO INCLUDE JAPAN, THOUGH IT IS RECOGNIZED HERE THAT THE JAPANESE MAY BE RELUCTANT TO GO ALONG. LATER, THE AGREEMENT OF OTHER OECD COUNTRIES SUCH AS CANADA AND SWEDEN WOULD BE SOUGHT.

5. THERE HAVE RECENTLY BEEN A NUMBER OF NEWSPAPER ACCOUNTS IN THE EUROPEAN PRESS ABOUT HIGH-LEVEL DISCUSSIONS IN BONN INVOLVING CERTAIN MEMBER STATES, AS WELL AS THE US, BUT LOCAL SOURCES HAVE BEEN UNABLE TO TELL US ABOUT THE SUBSTANCE OF THESE DISCUSSIONS OR HOW THEY RELATE TO THE WORK OF THE COUNCIL WORKING GROUP.GREENWALD

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Message Attributes

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